

Rural Telephone Bank
Minutes of the 152nd Board Meeting
January 26, 2005

Time and Place of Meeting

The 152nd meeting of the Board of Directors (Board) of the Rural Telephone Bank (Bank) was held Wednesday, January 26, 2005, in Conference Room 104-A, U.S. Department of Agriculture, Washington, D.C., pursuant to a notice published in the Federal Register on January 19, 2005. Chairman Thomas Dorr called the meeting to order at 2:03 p.m.

Attendants

Directors present were: Thomas Dorr, Gilbert Gonzalez, Clay Davis, Roberto Salazar, James House, Tim Ryan (newly appointed), Christine Olsen (via telephone), Curtis Sampson, Michael Jensen, David Crothers, Larry Sevier, Kent Rodgers (newly elected), and John McAllister (via telephone).

Directors absent were: none.

Among others present were Governor Hilda Gay Legg and staff members Deputy Governor Curtis Anderson, Acting Assistant Governor and Assistant Secretary Jonathan Claffey and Assistant Treasurer Kenneth Ackerman as well as Terence Brady, Georgann Gutteridge and David Grahn from the Office of the General Counsel.

Report on Election Results

Assistant Secretary Jonathan Claffey reported on the results of the November 2004 election. The election was valid, with 162 votes received from the commercial industry segment and 107 votes received from the cooperative industry segment. Mr. Jensen, Mr. Rodgers, and Mr. Sampson were elected from the commercial industry segment and Mr. Crothers, Mr. McAllister, and Mr. Sevier were elected from the cooperative industry segment. Not elected were Mr. Dillard (commercial) and Mr. Schuchard (commercial). The oath of office was administered to the new and re-elected board members.

Election of board Officers

Chairman Dorr called on Mr. Gonzalez. Mr. Gonzalez put forth a motion for the following board officers: Mr. Dorr, Chairman; Mr. Davis, Vice Chairman; Mr. Sampson, Secretary; and Mr. McAllister, Treasurer. On a motion duly made and seconded, the motion was unanimously approved.

Discussion on Board Responsibilities

Chairman Dorr called on Ms. Gutteridge. Ms. Gutteridge gave a brief overview of the duties of the members of the board, stating that the management of the Bank is vested in the board and it is the board's responsibility to manage the business affairs of the Bank consistent with its statute, regulations, and bylaws.

Action on the Minutes

On motion duly made and seconded, the minutes of the November 5, 2004, board meeting were adopted with minor corrections.

Secretary's Report

Secretary Curtis Sampson reported that the Bank approved no loans during the first quarter of fiscal year 2005.

Treasurer's Report

Assistant Treasurer Ken Ackerman reported on the finances of the Bank for the first quarter of fiscal year 2005. Mr. Ackerman reported, among other things, that net revenue for the quarter totaled \$24 million, compared to \$25 million one year ago; total class B stock, net of conversions to C stock, amounted to \$565 million, an increase of \$43 million, and total class C stock increased to \$822 million. Advances on loan commitments for the quarter totaled \$25 million, compared to \$13 million for the same period last year, and unadvanced loan commitments totaled \$1,227 million.

Privatization Discussion

The Chairman led a discussion of the analysis being performed on the Bank's assets and liabilities. It was noted that while significant progress was being made, the final report from Treasury on the evaluation of the Bank's assets had not been received. It was anticipated that the report would be available at the next board meeting. A discussion followed which provided additional detail on the scope of the analysis being performed. It was stated that the report would be compiled by the RTB staff as a result of the work with OMB and Treasury.

Resolutions on Recognition of Service to the Bank

On motions duly made and seconded, the Board adopted the following resolutions:

Resolution No. 2005-1

WHEREAS, Hilda Gay Legg is resigning her position as the Governor of the Rural Telephone Bank, a post she has served faithfully and ably since 2001; and

WHEREAS, Ms. Legg was instrumental in leading the Bank in consideration of the issue of privatization, including the review of the privatization study prepared by the Bank's consultant; and

WHEREAS, Ms. Legg also served as Administrator of the Rural Utilities Service for over three years and was responsible for the approval of more than two and a half billion dollars in RUS telecommunication and broadband loans and guarantees;

NOW, THEREFORE BE IT RESOLVED, That the members of the Board of Directors of the Rural Telephone Bank express to Ms. Legg their sincerest appreciation for her valuable contributions to rural telephony and the success of the Bank and their warmest good wishes for her continued good health and happiness; and

BE IT FURTHER RESOLVED, That the Secretary of the Rural Telephone Bank be requested to send a properly inscribed copy of this resolution to Hilda Gay Legg.

Resolution No. 2005-2

WHEREAS, Roberta D. Purcell has served as Assistant Governor of the Rural Telephone Bank for more than six years, where her guiding influence has been an inspiration; and

WHEREAS, Ms. Purcell has made substantial contributions to the effective and efficient operation of the Bank, and these contributions have helped ensure a sound and efficient institution;

NOW, THEREFORE BE IT RESOLVED, That the members of the Board of Directors of the Rural Telephone Bank express to Ms. Purcell their sincerest appreciation for her valuable contributions to rural telephony and the success of the Bank and their warmest good wishes for her continued good health and happiness; and

BE IT FURTHER RESOLVED, That the Governor of the Rural Telephone Bank be requested to send a properly inscribed copy of this resolution to Roberta D. Purcell.

Resolution No. 2005-3

WHEREAS, John T. Dillard has served as an Elected Director of the Board of the Rural Telephone Bank representing Commercial Members for more than six years, where his input and counsel have been an inspiration; and

WHEREAS, Mr. Dillard has made substantial contributions to the effectiveness of the Board, and these contributions have helped ensure a sound and efficient institution;

NOW, THEREFORE BE IT RESOLVED, That the members of the Board of Directors of the Rural Telephone Bank express to Mr. Dillard their sincerest appreciation for his valuable contributions to rural telephony and the success of the Bank and their warmest good wishes for his continued good health and happiness; and

BE IT FURTHER RESOLVED, That the Governor of the Rural Telephone Bank be requested to send a properly inscribed copy of this resolution to John T. Dillard.

Establish Dates for Future Meetings

On a motion duly made and seconded, the board agreed to meet on May 4-5, August 3-4, and November 2-3.

Governor's Remark's

Governor Legg relayed to the Board and staff her appreciation for their work and dedication to rural America.

Adjournment

Whereupon motion to adjourn was made, and the meeting was adjourned at 2:58 p.m.

Secretary